Colorado AllCare

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Nathan J. Wilkes

Colorado AllCare is a relatively simple yet comprehensive and all-encompassing plan to cover 100% of Coloradans with timely, high-quality, and affordable care. To expand coverage and access to all medical services, the fundamental financing model of health insurance is entirely shifted from the largely for-profit employer-sponsored model of today to an entirely publicly financed model. Health care expenditures become a budget item of the state and funds are collected through tax revenues instead of through private insurance premiums. Delivery of care remains in the private sector with little change (other than less process complexity and more attention to quality), and employers are no longer burdened with the cost and management of substandard health insurance plans. Focus is shifted from acute care for critical illness to wellness and prevention that reduce a majority of disease-specific costs.

a) Comprehensiveness

1) What problem does this proposal address?

This proposal addresses a multitude of problems affecting access to, quality of, and affordability of health care and insurance in the State of Colorado through a simplified and efficient system of financing health care that will enable full coverage of all preventive care and medically necessary services for 100% of all Colorado residents.

There are nearly 800,000 residents that are completely uninsured today, and at least as many underinsured. More and more Coloradans are falling into the ranks of the uninsured every day and thousands more are finding their benefits reduced. Many residents that require medical care end up with significant debt that they are unable to pay, and this problem is not limited to the uninsured. Still others end up rationing their own care because they can't afford the drugs or the treatment, resulting in disability, higher cost acute care, lower quality of life, and death. The current system is set up to deprive care to those most in need. Every day people that thought they were covered with adequate insurance find out that they are not covered as well as they thought – usually when they have a sudden health problem. The results are inadequate care, medical debt, and even preventable death. Rural Colorado is woefully underserved as well and has a higher rate of uninsurance than more urban areas.

Health care workers are forced to spend too much time on administrative tasks as they navigate the complex mazes of insurance and reimbursement. These workers end up overworked as hospitals and other facilities try to improve profitability through longer hours and higher case loads. This is in direct opposition to current medical recommendations and results in degraded patient care, medical mistakes, and poorer patient outcomes. They often have limited access to full patient history, especially in an acute-care environment. They are also generally not incented or encouraged to focus on prevention and early illness detection. Doctors, nurses, and clinical staff often have to choose suboptimal treatment plans based on the patient's insurance coverage or ability to pay. Clinical staff have to spend time on reimbursement and coverage issues rather than focusing on the patient's clinical needs. As a result of the increasingly hostile climate and a lack of resources that can be put towards higher education, Colorado schools are not able to recruit and graduate medical students to keep up with population growth and increasing demand.

Cost of care and health insurance premiums are spiraling out of control. Businesses are finding it harder to cover their employees. Benefits are being reduced as rates continue to climb by double-digit percentages each year, outpacing overall inflation by at least 2:1. Employees are giving up wage potential, as their employers must continue to pay more for less every year. Many are facing more even more difficulty as premium costs are increasingly shifted directly to the employee.

2) What are the objectives of your proposal?

The core objective of my proposal is to eliminate the extremely wasteful for-profit system of private health insurance and replace it with a government-operated not-for-profit system that will eliminate barriers to care for everyone. My proposal has multiple objectives, all of which are central to the core proposal:

- Provide guaranteed access to care for 100% of Colorado residents, leaving no Coloradan uninsured. Currently 1 in 6 residents has no insurance or coverage through government programs

- Eliminate UNDERinsurance, in which residents have insurance, but that insurance is inadequate due to high co-pays, deductibles, annual and lifetime capitation, pre-existing condition clauses, and other devices that shift risk of financial catastrophe to the consumer. It is estimated that another 1 in 6 Coloradans is considered underinsured.

- Provide access to any licensed provider of choice.

- Provide all medically necessary treatment in a timely manner.

- Adequately mitigate risk by putting all residents into a single risk pool that does not negatively impact small businesses, individuals, or the chronically ill.

- Cover all required prescription medications.

- Sever the irrational tie between employer and health insurance, preventing job-lock, health-status discrimination, and discrepancies based on industry or employer.

- Reduce total expense of providing health care by eliminating administrative waste, improving quality of care for chronic illnesses, negotiating lower prescription drug costs through purchase pooling, and focusing more on preventive care to avoid long-term high-cost acute care.

- Provide full access to dental, vision, mental health, and long-term care.

- Create a state-wide information system for sharing patient health care data to create more effective outcomes when dealing with multiple health care providers.

- Eliminate profit-driven motives of health care providers to increase doctor and nurse workloads beyond safe levels, improving quality of care for all.

- Eliminate bankruptcy filings and home foreclosures as a result of medical debt.

- Offer more medical education opportunities and encourage pursuit of medical degrees through Colorado's institutes of higher learning, improving quality of care and fostering more advanced medical research.

b) General

1) Please describe your proposal in detail.

My proposal changes the entire model for financing health care and in doing so creates efficiencies and economies of scale, but most of all completely eliminates major sources of overspending and wasteful spending. Dollars not spent on actual health care today would be available to expand access to care and coverage to 100% of Colorado residents. Instead of the majority of the insured getting health insurance as a function of their employer, the health insurance middleman is eliminated. Health insurers would not be permitted to offer private insurance coverage for any services already covered through Colorado AllCare. They would be able to offer supplemental plans for services that are not medically necessary, such as elective or cosmetic surgery. Instead of payment of health insurance premiums, a simple payroll tax system funds the majority of the health care budget. Additional funding would come from sources like alcohol and cigarette taxes and existing federal government dollars.

The statewide system of coverage for everyone would not exclude anyone based on pre-existing conditions, health status, employment, age, disability, income, or geography. It would not unfairly force care rationing through co-pays or deductibles, as all medically necessary services would be covered at 100%. Treatment decisions are left to the doctor/patient relationship instead of private insurers that seek profits through the denial of care to their consumers.

A statewide board that comprises appointed persons representing the entire community would manage Colorado AllCare through a new Department of Health Care Services. The state would further be broken down into about 5 or 6 regions, either by county groups, congressional district boundaries, or other logical geographical grouping. Each region would then have its own local board and staff to distribute tasks such as local management

and claims processing. Both the statewide and regional boards would be accountable to the entire public, helping make health care policy, delivery, and financing more transparent and, as a result, more affordable.

In addition to state and regional management, health care delivery and financing must be further improved through the use of a statewide network that enables all providers to file claims electronically and to gain access to historical patient health data. This system, the Colorado Health Information Network, will enable doctors, hospitals, patients, and the State to access and share relevant health information and be able to access it anywhere. The system must maintain standards of portability and privacy and have appropriate security mechanisms in accordance with HIPAA regulations. Colorado residents will have access to view the current personal health data of themselves and their dependents. Providers will be able to review patient historical data, which will improve treatment and overall outcomes. The CHCS Board and approved researchers will have access to sanitized data (outcomes, utilization, mortality, etc.) for the purpose of making health care policy decisions and making suggestions for system improvements. This global visibility will lead to better resource allocation and improved quality of care. It is also recommended that doctor and provider performance data be made available for public viewing so that consumers can make informed decisions about their own health care.

It is expected that the CHCS will absorb any existing state programs related to Public Health and that some synergies can be achieved to reduce cost and improve things like education, immunization rates, prenatal care, and emergency/disaster response.

By eliminating the profit motive in health care financing and instead choosing to cover all Coloradans equitably, several additional benefits result that further increase overall health and reduce system expenses. Rather than denying care to people that must then rely on the ER for acute care, we can focus on cost-effective preventive care in any chosen physician's office. Since everyone is guaranteed access to any necessary care, we suddenly find ourselves able to focus on prevention and education. This is the only way to reduce the cost of preventable chronic illnesses, like diabetes, cancer, heart disease, etc. Doctors, nurses, hospitals, and other providers can spend their time taking care of their patients

instead of wasting it on management overhead and reimbursement issues. Minorities, at-risk populations, and the chronically ill will no longer be disenfranchised or denied necessary care. Businesses will officially be out of the game of managing and providing health care, putting them on a level playing field with each other and reducing overall costs making them more competitive and profitable in the US and World marketplaces. They will be able to compete fairly for quality workers. Improved wellness will also improve job performance and reduce lost productivity due to illness.

By having guaranteed and funded access to health care for everyone, we will also save money through reduced cost of other forms of insurance that have to account for medical payments or health status. There should be significant savings on car insurance, homeowner's insurance, malpractice insurance (due to greatly reduced judgments), life insurance, worker's comp, and disability insurance.

The only way to reduce cost of care is to provide access to preventive care for everyone without introducing economic barriers. The only way to provide access to everyone without disenfranchising specific groups of people is to use an equitable, egalitarian financing model based on tax collection. The only way to reduce overall health care expenses to the point that they are affordable enough to cover everyone is to eliminate the waste of 30% of health care dollars that is not actually spent on medical care and also use bulk purchasing capabilities to reduce the cost of prescriptions. The only reform proposal that can possibly work is one which is not only comprehensive, but also revolutionary. Unless you reform the entire system, the State of Colorado will not solve any of its biggest problems.

2) Who will benefit from this proposal? Who will be negatively affected by this proposal?
All Colorado residents will benefit from this proposal. The one-in-six who is currently uninsured will now have access to care, the one-in-six who is underinsured will no longer face financial ruin as a result of unexpected conditions, and everyone that pays for insurance benefits today will see a major reduction in annual health insurance increases. Rural Colorado residents will, over time, have greater access to care, as fewer health care

providers will ignore these rural areas based on the ability of the local residents to pay. Businesses large and small will significantly reduce their overhead expenses that result from managing health insurance for employees. They will also see significant savings in annual health insurance premiums and will have predictability in the rate of increase from year to year. The resultant savings to Colorado businesses will also make them more competitive in the US and World marketplaces. It is even anticipated that businesses not currently located in Colorado will see the favorable market and choose to locate in Colorado for the health care savings alone, thus further driving the entire state economy. Health care providers will also benefit from this proposal because of drastic reductions in overhead from insurance management, debt collection, and simplified single-payer billing.

The only group negatively impacted is the entrenched profit-driven health insurance industry that came about as an accident of history during WWII, and currently makes exorbitant profits off of the denial of care to the needy. It is expected that some providers may sustain themselves through the contracting of claims processing under the Colorado single-payer system, though not with the obscene rates of management overhead and profit margins they obviously enjoy today.

3) *How will your proposal impact distinct populations (e.g. low-income, rural, immigrant, ethnic minority, disabled)?*

The egalitarian coverage of all residents will eliminate discrimination against all minority populations that result from today's employer-sponsored private insurance system. Low-income workers are the most likely to not have insurance at all, and this system now gives them full access to care that they have been neglecting due to inability to pay or lack of access. Residents currently on Medicaid will no longer face the stigma of a 'welfare program' and will no longer have difficulty finding a provider willing to accept Medicaid patients, as all licensed health care providers in the state will be guaranteed payment for services rendered through the single-payer system. As stated earlier, the rural population will begin to see more health care providers open up in their neighborhoods. Improved access to care in rural areas can also be influenced through subsidies to providers and

construction of state-sponsored hospitals and clinics if the free market is determined not to be responsive enough. Migrant workers perform some of the hardest labor in the state, yet are more likely to live without health insurance. This program would rectify that discrepancy entirely. It is also understood that some of these workers may be here illegally, but it is not the job of this reform to tackle that issue. These workers and their employers pay taxes, which should guarantee them access to the same level of care as other residents.

4) *Please provide any evidence regarding the success or failure of your approach. Please attach.*

Single-payer payer systems have experienced great successes in every industrialized nation that has implemented them. Only the US has failed to provide access to all of its citizens through some sort of single-payer plan and has been suffering from this arrangement for several decades, with the problems only getting worse. One simply needs to look at the adjusted per-capita costs of providing care in the US versus all other industrialized countries with some version of single-payer to see that we are paying twice as much as those other countries. Then look at the World Health Organization's 2000 report on Health Care Outcomes that ranks the US at 37th, behind those other countries that provide care for all at half the cost.

Basically, we already pay for universal health care (twice!), but fail to achieve it because of our fractured, profit-driven system. Though there are other states currently tackling health care reform issues, no other state has yet to enact a single-payer plan because of the powerful health insurance and pharmaceutical lobbying groups seeking to protect corporate profits at the expense of the health and lives of the people of this nation. Colorado can become the leader in national reform if it passes a proposal like this universal, single-payer plan.

5) How will the program(s) included in the proposal be governed and administered?
Delivery of care will remain a function of private providers. Hospitals and the like can convert to an annual budget format, or continue to work in a fee-for-service model. Reimbursement rates do not depend on their status. The only components that change are the enrollment and financing. This proposal would establish a Department of Colorado Health Care Services (CHCS). Statewide oversight will be governed by an appointed committee of individuals from various regions and backgrounds, including those in the medical field and consumers. Size of the CHCS board, term lengths, and term limits is not my area of expertise, but I would expect there to be some parity with Colorado Legislature term structures or similar appointed positions. There would be an Executive Administrator that oversees the operations of the CHCS Board.

The state will be further subdivided into regional boards tasked with plan administration, provider reimbursement, oversight, and dispute resolution. Each regional board would also be filled by executive appointment, and approved by the appropriate legislative bodies.

Other existing state Departments that deal with health care issues, like HCPF, would be rolled into the new organization. State Medicaid would not be required to operate as a separate entity, and with more simplified plan administration for everyone, per-capita operation expenses should come down substantially. Likewise, current Medicare recipients would also fall into this system and enjoy better care and affordability as a result. More attention to wellness and public health (child immunizations, emergency planning, education, etc.) will lead to increased state roles in those areas – all of which would also fall under the CHCS department.

Because the system functions on a combination employee and employer payroll tax, the financing of the system will be simple and automatic. Health care expenditures would become a state budget item, but should not be misused or mistreated. There must be protection for the health care funds so they aren't misappropriated and there must be simple regulation on operational overhead so that we know the system will be more efficient than current private insurers. A small fraction of revenues should be used to

finance a Health Emergency Fund. These funds would only be used for medical emergencies and catastrophic public health events, and should be carefully protected and managed. CHCS must have the ability to develop reimbursement rates for services and must be able to negotiate with pharmaceuticals for lower drug prices based on purchase pooling and pharmaceutical/therapeutic equivalence.

The CHCS Board and Regional Boards will be subject to direct, transparent public oversight and must hold their meetings publicly and periodically.

As more work is done federally on the issue of health care reform, it is likely that a nationwide single-payer model will eventually come to fruition. This is the ultimate model upon which I have based my proposal, so the benefits to this plan are that it can serve as a guiding example to national reform efforts and that when the time comes, Colorado will already have a viable solution that can easily be assimilated into a national plan construct.

6) *To the best of you knowledge, will any federal or state laws or regulations need to be changed to implement this proposal (e.g. federal Medicaid waiver, worker's compensation, auto insurance, ERISA)? If known, what changes will be necessary?*

Since this proposal covers the entire state population, this proposal will absorb Medicaid entirely, and will collect all federal health care monies given to the state. As a result of its comprehensive nature, other regulations that currently contain some component of medical reimbursement may need to be amended or modified. These would include worker's compensation, automobile insurance, malpractice insurance, and disability insurance. Since coverage of all medical expenses is already accounted for, rates for these types of insurance will likely drop substantially. It is estimated that automobile insurance alone would be cut in half. It has already been shown in case law that ERISA was not designed to hamper states from enacting sweeping reform measures, so it should not be considered "politically infeasible" to attempt such sweeping reform. It is likely that there will be legal opposition from insurance companies citing ERISA mandates, but it is highly doubtful that any of them would prevail. TABOR is a state-specific challenge that will have to be met,

but again, reform should progress based on its own merit and not cut off at the knees based on anticipated issues with existing laws.

7) *How will your program be implemented? How will your proposal transition from the current system to the proposal program? Over what time period?*

Because savings are not fully realized until complete conversion, it is important that the transition be made as quickly as possible. We could start in year one by covering all non-Medicare persons and then absorb that population in year two. Year One and Year Two start-up costs should account for unemployment benefits and re-education/job training for Colorado insurance workers displaced by the new single-payer system. It is expected that many of them will be absorbed by the new public system for simplified administration and claims processing. It may actually take three years to convert if you consider the up-front work required to institute the statewide Colorado Health Information Network for managing patient health information. If entire nations can convert from private insurance to single-payer systems in less than 5 years, then we should be able to do it in two or three.

c) Access

1) Does this proposal expand access? If so, please explain.

Yes, this program removes all concepts of in-network vs. out-of-network providers as well as the requirement to obtain referrals from a Primary Care Physician. By opening up the "in-network" list of doctors and physicians to all licensed practicing doctors in Colorado, this will improve timely access for Coloradans seeking care and allow consumers to seek appropriate specialists for their medical needs.

2) How will the program affect safety net providers?

Because coverage is expanded to 100% of residents regardless of employment status, there is no requirement for any safety net providers in the state of Colorado. Medicaid, CHP+, and CoverColorado will be absorbed directly into the new system, eliminating a

tremendous amount of bureaucracy and red tape involved in all aspects of these separate programs.

d) Coverage

1) Does your proposal "expand health care coverage?" (Senate Bill 06-208) How?

Yes, this proposal expands health care coverage to all Coloradans, including the greater than 750,000 that do not currently have any form of health insurance or government-sponsored coverage. It also eliminates financially-induced rationing of preventive care for hundreds of thousands (if not millions) of others. By removing the link between employment and health insurance, and instead funding a state-administered single-payer system through payroll tax and supplemental funding, this proposal serves to cover all citizens by default.

2) How will outreach and enrollment be conducted?

There are many methods that can be used with existing government processes to get us to 100% enrollment. Enrollment can be done via the DMV or through license plate renewal (property tax payment). Employers can assist with bulk employee enrollments. It can also become a function of mortgage paperwork or rental lease agreements to make sure that the new residents are set up within the system. Child enrollment can be part of the school registration process. It is vitally important that no care be refused to someone that has yet to be enrolled. Providers should be allowed to enroll these undocumented patients on-site since they already have access to the Colorado Health Information Network. Outreach will occur through a mass media campaign to explain how the new system will work and what benefits it will provide.

3) If applicable, how does your proposal define "resident?"

A resident of the State of Colorado would be defined similarly to the statutes that already exist describing voter eligibility based on residence. Children, however, would also be included in the definition, not just those over 18.

e) Affordability

1) If applicable, what will enrollee and/or employer premium-sharing requirements be?

The bulk of the financing for this program will be through direct employer and employee payroll taxes, almost always at lower rates than already paid for health insurance premiums. There are no health insurance premiums to be collected under this system, so there is no need for premium-sharing.

2) How will co-payments and other cost-sharing be structured?

Under this system, there will be no co-payments, deductibles, or other methods of cost sharing. There have been theories that state that cost-sharing is required to reduce the effect of moral hazard on health care utilization, but studies have shown that while cost-sharing does reduce unnecessary utilization, it also reduces necessary utilization by the same amount and also impacts preventive care, which is the best tool for preventing long-term chronic illness and expensive acute care. It is well-known that those with chronic illnesses consume the vast majority of health care spending. The cost-shifting in the current system does not reduce the needs of this population – it only serves to impact them much more than the average consumer. By forgoing co-pays and deductibles, we enable everyone to seek proper preventive care (reducing long-term expenses substantially) and allow them to take more responsibility for their own well-being. We also avoid unnecessarily disenfranchising our most needy population, the chronically ill. Decisions about utilization are best left to the doctor-patient relationship. Through state-wide tracking of utilization trends over several years, the State can determine whether or not unnecessary utilization is actually a problem that needs to be addressed.

f) Portability

1) Please describe any provisions for assuring that individuals maintain access to coverage even as life circumstances (e.g. employment, public program eligibility) and health status change.

Since coverage is guaranteed to all residents regardless of employment status or health status, portability is no longer an issue. Coloradans are free to change jobs, start their own businesses, or go to school without fear of losing health benefits. There are no pre-existing condition exclusions or coverage riders to limit access to appropriate care. Because the program is limited to the State of Colorado, the program also covers urgent care and emergency services provided out out-of-state when travel back to Colorado before receiving these services is not medically advised. Out-of-state providers should be reimbursed at the same rates used for in-state providers. If a resident moves out of state, then that person is eligible for COBRA benefits just as if they were leaving an employer with a private plan today.

g) Benefits

1) Please describe how and why you believe the benefits under your proposal are adequate, have appropriate limitations and address distinct populations.

Benefits are comprehensive and include all services of expected medical benefit. As new treatments and procedures are developed over time, these will also be covered services. Elective procedures that do not provide medical benefit, such as cosmetic plastic surgery, will continue to be available to consumers but not covered as benefits in this plan. These benefits are more comprehensive than any existing private plan offers today, in that they also cover routinely neglected categories of care as mental health, long-term care (nursing home, hospice, and home health care), prescription drugs, education, rehabilitation, dental care, and vision care. As an example of "distinct populations" served, all prenatal services are covered in full, which specifically addresses the chronic problem of substandard prenatal care for pregnant women that lake comprehensive insurance. By covering

everybody without exclusion or prejudice, all "distinct populations" are taken care of and all specific needs are addressed.

2) *Please identify an existing Colorado benefit package that is similar to the one(s) you are proposing (e.g. Small Group Standard Plan, Medicaid, etc) and describe any differences between the existing benefit package and your benefit package.*

There isn't really any one Colorado benefit package that is similar to this plan. In terms of benefits, it betters all private employer-sponsored insurance plans and does so without the administrative overhead. Where state programs such as Medicaid have coverage limitations, this plan has none.

h) Quality

1) How will quality be defined, measured, and improved?

Standards of quality will be defined by the best available expert literature available to date and open to public and medical peer review. As new evidence comes to light through peer-reviewed studies, the global definition of quality will adapt to meet best current practices. This dynamic process will always be transparent and open to public input. This will be one function of the Colorado Health Care Services board.

Measurements of outcomes as it relates to quality of care will be a vital function of the Colorado Health Information Network and medical oversight committees. The treatment and outcome data can be used by researchers to develop very accurate models of outcome. This data and research can be used to provide rapid assessment of system quality and generate improvements to best current practices. Instead of disparate data sets and limited scope of data, global system visibility will be key in future system reform.

2) *How, if at all, will quality of care be improved (e.g. using methods such as applying evidence to medicine, using information technology, improving provider training,*

aligning provider payment with outcomes, and improving cultural competency including ethnicity, sexual orientation, gender identity, education, and rural areas, etc.?)

As stated above, having global visibility through a statewide medical data collection system, the Colorado Health Information Network, will enable analysis at a level and scope greater than anything currently available today. Utilization and spending data will be available for financial analysis. Outcomes as functions of treatment methods, providers used, population groups, age groups, and any other conceivable breakdown will enable us to apply systemic modifications to improve noted problems. The public will have access to provider performance ratings and utilization and outcome data can be used to incent providers to improve quality. Such visibility will enable the State of Colorado to easily address any areas of concern as it relates to ethnicity, education, geography, or other category. Education can also now be tailored to address these areas of concern.

i) Efficiency

1) Does your proposal decrease or contain health care costs? How?

There are several opportunities for cost reduction and containment in this system, including:

- Elimination of the private insurance middleman will save as much as 30% of all health care dollars wasted due to excess administration, marketing and advertising, and corporate profits.

- By reducing the complexity of hundreds of insurers and thousands of plans down to a single comprehensive plan and payer, administrative complexity within providers is altogether eliminated. This savings will translate into improved profits, lower cost of care, greater efficiency, and improved outcomes.

- As a single-payer, Colorado has the opportunity to negotiate lower per-unit drug pricing with drug manufacturers. It is important that this plan not eliminate the ability to either pool with other states or 'de-list' drugs of questionable benefit

(such as formulation changes to protect patent rights) so that negotiations remain effective.

- Reimbursement rates for medical services will be set statewide, eliminating discrepancies between locations and providers. No longer will the cost of care be subject to a person's insurance status or (in)ability to pay, thus saving substantial amounts of money.

- As a single-payer system that covers all residents for all medical services, the cause of medical debt, interest on that debt, and half of personal bankruptcies is completely removed. This cost to society, unaccounted for in current analysis of 'medical costs,' is substantial and should be considered in any economic analysis.

- Medical premiums and payments through other forms of insurance are all but eliminated. Medical malpractice insurance is drastically reduced and judgments for medical care go away. Automobile insurance is likely to be cut in half. Worker's compensation, short-term and long-term disability premiums are also likely to be reduced.

- By now focusing primarily on early preventive care, many preventable chronic illnesses can be avoided and the high costs associated with them.

- Through effective disease management program for chronic illnesses, long-term costs of care are substantially reduced.

- The incredible burden on society due to inadequate access to mental health services or substance abuse programs will be greatly reduced. This includes a majority of the current prison population and the direct economic impact of their crimes, adjudication, and incarceration.

- Early preventive care and unencumbered access to primary physicians will eliminate the entire burden of hospital emergency rooms providing non-emergency care to the uninsured. This will save a great deal of money in health care delivery, as the emergency room is the most expensive place to receive basic medical care.

- This preventive care and focus on early education will also drastically reduce incidence and prevalence of many preventable diseases, with great short-term cost reduction and very substantial long-term cost reduction. It will also help curtail rates of teenage drinking, smoking, and pregnancy.

- Access to data in the Colorado Health Information Network will enable global system analysis to improve efficiency and cost/benefit ratios.

- By providing options for care, Coloradans are not limited to only expensive procedures because of collusion between payer and provider. End-of-life care options also enable cost-effective and dignified home and hospice care options as opposed to costly nursing home or hospital care.

2) *To what extent does your proposal use incentives for providers, consumers, plans or others to reward behavior that minimizes costs and maximizes access and quality in the health care services? Please explain.*

Without substantial data on performance and outcomes, it is unlikely that incentives will be used within the early years of the program. With data collected under this system it will be very easy to implement performance- and quality-driven incentives for providers that can demonstrate care efficiency and quality through outcome studies. Likewise, penalties for poor performance could also be entertained, though this would need to be done carefully as a doctor serving a high-risk population may legitimately have worse outcomes than a peer serving primarily a very healthy population.

It is not likely that any reward incentives will be consumer-focused as there is not any cost-shifting to consumers that needs to be offset. Through appropriate education and preventive care, the long-term health of the consumer will be a reward in itself. Consumer-directed penalties for bad social health behavior (e.g., smoking, excessive drinking) will not be acceptable in today's society, but the cost of providing additional care to these populations is easily offset through taxes on the products used. Alcohol and tobacco tax revenues should be a permanent component of health care financing.

3) Does this proposal address transparency of costs and quality? If so, please explain.

This system encourages full transparency of costs and quality. All reimbursement rates for services will be open to public review and global outcome data will be available for public scrutiny of changes in quality.

4) How would your proposal impact administrative costs?

By removing the administration-laden middleman, administrative costs are greatly reduced. No longer will any health care dollars be wasted on claim denials, corporate profits, or unnecessary advertising and marketing. Administrative costs associated with providers are also greatly reduced, as they no longer have to deal with thousands of plans or personnel for debt collection.

j) Consumer choice and empowerment

1) Does your proposal address consumer choice? If so, how?

There is full consumer choice in which provider can be seen. By getting rid of the private insurer in the doctor/patient relationship, there will be more treatment options available, so the most effective treatment can be delivered instead of being limited to less effective ones.

2) How, if at all, would your proposal help consumers to be more informed about and better equipped to engage in health care decisions?

As the single-payer for all health care in the State, the State of Colorado will be uniquely incented to provide information about care and treatment options to consumers and their care providers. By spending money on health care education in schools and other public venues, consumers will be able to make more effective early care decisions that will reduce the long-term cost of care. The use of some of the health care dollars for early childhood education will enable us to reduce the rate of obesity in school children. Because current private insurance payers have no incentive to participate in early childhood education, there is no way to address the challenge of childhood obesity without public funding. Data

on provider quality will also be easily available to enable consumers to select high-quality providers.

k) Wellness and prevention

1) How does your proposal address wellness and prevention?

By enabling full access to primary care providers, all Coloradans will now have the ability to engage themselves fully in disease prevention and wellness activities. The current system is too flawed because it forces us to focus primarily on acute responsive care. This is because it is too difficult for many to get access to care until something goes wrong. There are also financial incentives in the provider and insurance markets to delay care. By getting rid of these barriers and reducing the profit-motive, it is expected that the focus of health care will shift to wellness and prevention.

l) Sustainability

1) How is your proposal sustainable over the long-term?

By achieving substantial short-term and long-term cost savings as indicated above, this system is fully sustainable over the long-term. As the overall health of Colorado residents improves, chronic illness care costs will be reduced. Also, by operating as a budget item within the State of Colorado funded by tax revenue, the consumer public ultimately controls the long-term sustainability. If health care costs go up, then they can either decide to raise taxes or reduce covered services. The savings to business that will attract employers to this state should not be underestimated. Such an economic boom will create additional tax base to fund the system. A small fraction of collected tax revenues should also be set aside in a Health Emergency Fund. The purpose of this fund is to cover unforeseen public health emergencies, such as an Avian Bird Flu pandemic, preventing unexpected strain on system funding. It can also cover significant short-term expenditure increases as a result of man-made events, such as a terrorist attack using chemical, biological, or nuclear weapons.

2) *(Optional) How much do you estimate this proposal will cost? How much do you estimate this proposal will save? Please explain.*

This proposal should not cost any more in real health care dollars than spent in the prior year or two under the current system. Tremendous savings by shifting to a single-payer model will enable us to cover the uninsured and open up access to medically necessary services for all. If total health care costs in 2004 were about $20 billion and we were able to save 10-20% (conservative estimate), then it should only take $16-18 billion dollars. Federal monies through Medicare, Medicaid, SCHIP, etc. offset a significant portion of these dollars. In 2004, that amounted to about $7 billion. This means that the state would need to secure $9-11 billion annually to fully fund the system. Employer payroll tax and individual income tax rates would only have to be about 5% each, which is well below the average health insurance premium for the average worker. Modifications to the taxation structure can be made based on income bands, but this type of analysis is better left to the actuarial analysts. Payroll tax revenues should further be offset by tax revenues collected from alcohol, cigarette, gasoline, or other such sales in the state. Savings to the State in the form of health care dollars no longer wasted, improved worker productivity, healthier economy, fewer bankruptcies and foreclosures, increased consumer spending power, and economies and efficiencies of scale are significant and nearly incalculable. Also, the long-term effect of preventive care and open access will result in tremendous compounded savings over the long-term.

3) *Who will pay for any new costs under your proposal?*

As the financing comes from the employed tax base and sales tax from certain higher-risk products, system costs are shared as equitably as possible among as broad a base as possible. Again, due to massive savings in administration and profits, any new costs such as covering the uninsured or building new facilities in underserved areas should be possible without budgetary increase.

4) *How will distribution of costs for individuals, employees, employers, government, or others be affected by this proposal? Will each experience increased or decreased costs? Please explain.*

Most employers that offer private insurance today, and their employees, will experience cost savings. Taxes will increase, but outlay for health insurance premiums will be eliminated, resulting in no net increase. Employees that are not offered health insurance through their employers today will see a small increase based on the final recommended payroll tax percentage. For these people that currently purchase health insurance on the individual market, they will notice a dramatic reduction in total outlay for health care. Likewise, for the individuals facing out-of-pocket expenses and crippling debt in the open market due to inadequate or nonexistent health insurance, these will face significant savings and will not be subject to debilitating debt.

5) *Are there new mandates that put specific requirements on payers in your proposal? Are any existing mandates on payers eliminated under your proposal? Please explain.*

There are no required mandates on payers in this proposal. Since everyone contributes through taxes in a single-payer system, everyone is covered equitably for all medically necessary services.

6) *(Optional) How will your proposal impact cost-shifting? Please explain.*

This proposal eliminates cost-shifting. With no co-pays or deductibles, there is no more cost-shifting to consumers. Since providers are guaranteed payment for all services equitably, there is also no cost-shifting onto doctors that are trying to provide care to their patients that can't afford it in today's market. There is no more discriminatory cost-shifting to employers based on size or consumers based on where they receive care and their insurance status.

7) Are new public funds required for your proposal?

As a single-payer system without private insurers, all funds will come through aforementioned tax revenues.

8) (Optional) If your proposal requires new public funds, what will be the source of these new funds?

These sources have been addressed earlier, but there may be other opportunities for funding sources that I did not specifically mention, which could be used to further offset payroll tax.

COMPREHENSIVENESS OF COLORADO ALLCARE

My proposal is, by its very nature, entirely comprehensive in its reform. It addresses all major aspects of access, quality, and affordability while simultaneously providing coverage to all Colorado residents.

Everyone is in and nobody is excluded based on employment, age, geography, education, health status, ability to pay, or any other criteria. This gives us comprehensive coverage for 100% of our residents.

Through true system reform, no longer is care dictated by the bottom line and profit margins. Rationing based on ability to pay is gone forever. Care is now beholden to measures of quality, not expense. By improving quality, we improve our health and reduce expenses. This proposal includes necessary Colorado Health Information Network infrastructure to efficiently manage and monitor quality of care. This results in comprehensive improvements in standards of care.

Through elimination of wasteful spending in private insurance, negotiation of drug pricing, and fair payment schedules for health care providers, we establish comprehensive reform of health care costs without unnecessarily burdening the providers of our care.

Also through reduction in wasteful health care spending, we are able to offer a full comprehensive benefits plan including all basic medical services, vision, dental, mental health, prescription drugs, education, rehabilitation, medical equipment, prenatal, nursing home, and all other medical care from conception to grave. This represents the pure essence of comprehensive reform.

HOW AND WHY MY PROPOSAL WAS DEVELOPED

My three-year-old son, Thomas, was diagnosed with Severe Hemophilia A at birth. His medical claims have run about $500K, $750K, and $750K for each of the past three years. As a result of high claims, my employer has faced significant challenges in providing meaningful health insurance. Right now, our only option is junk insurance and my son has just been kicked off our plan because of a $1 Million dollar lifetime cap.

About 18 months ago, when I found out about the impending cap that directly targeted my son, I started doing a lot of research on the failings of our fractured profit-driven US health care system and what options were left for me. I quickly realized that the role of health insurers in our system was not to ensure good health or protect consumers from catastrophic events. The only obligation of health insurers is to make money, and they do so by systematically denying care for millions of Americans. Health insurers make money by not paying claims. Also, drug company profit margins have routinely been triple the average Fortune 500 profit margin. Drugs cost at least 30-70% more in America than they do in other countries with single-payer plans. These pharmaceuticals also protect their profits through bogus patent claims on insignificant drug reformulations.

Other personal experiences that illustrate the failure of the system include the denial of a $50K NICU visit because the NICU in our “in-network” hospital was “out-of-network” because it was subcontracted out. A recent visit to The Children’s Hospital ER with an immuno-compromised hemophiliac in extreme pain resulted in a 90-minute wait because they were overburdened with uninsured patients seeking primary care (some of whom begged for lunch money while we were there). I’ve also had numerous instances of coworkers rationing necessary care because they didn’t want to (or couldn’t) pay for it out-of-pocket due to our $6,000 deductible. The state high-risk pool is only a short-term option because of its $1M cap, and government options like Medicaid are out of reach because I make too much money to qualify. The middle class is now being hit hard.

Through our trials and tribulations, I’ve become a consumer health care expert and a vocal supporter of national efforts to get to single-payer through H.R.676, but saw this (SB208) as an opportunity to at least get moving in the right direction in our own state.